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SUBJECT: PIFWC ASSET FREEZE LAW PASSES

¶1. (U) On June 15, 2005 the Council of Ministers of Serbia and Montenegro (SaM) introduced to the SAM parliament a draft law that would freeze the assets of persons indicted by The Hague Tribunal (PIFWCs) who are at large. Almost a year later, on April 7, 2006, the parliament finally adopted the law, over the opposition of the Serbian Radical and Socialist parties.

¶2. (U) The draft law stipulates that the assets of fugitive PIFWCs (General Ratko Mladic, Radovan Karadzic, Goran Hadzic, Zdravko Tolimir and Stojan Zupljanin) are excluded from any market transactions including selling or renting of real estate or other property, denying access to their domestic bank accounts, and the possibility of SaM asking other countries to freeze their assets in foreign accounts. The law also provides that PIFWC assets would be unfrozen should the fugitives become available to the state bodies of SaM or The Hague Tribunal (i.e. surrender or are arrested). Following adoption of this law by the SaM parliament, both constituent republics of Serbia and Montenegro have to legally regulate implementation of the law.

¶3. (U) A similar draft of this bill was floated before in mid-May of 2005 but was withdrawn due to the chaos that ensued when members of the Serbian Radical Party added amendments that watered down the bill to the extent it was rendered impotent. At that time, proponents of the bill did not have a majority for it and it was tabled. As an interim measure, the Belgrade district prosecutor ordered financial injunctions on PIFWC assets, meant to implement major provisions of the bill while the SaM Council of Ministers fine-tuned the language of the law and its strategy for getting it through the state union parliament. Unfortunately, these injunctions were not fully implemented since they did not have the authority of law, and General Mladic has been continuing to receive his pension (though no one has shown up to pick up the checks, so they simply remain credited to his account).

¶4. (SBU) The passing of the bill at this particular time may be an attempt by the Kostunica government to put pressure on fugitive General Ratko Mladic - or at a minimum, to appear to be doing so. It comes at the same time as local press has reported an increase in pressure on Mladic's family, including searches of family residences and tax inspections of the business of Mladic's son. The passing of this bill was supported by deputies from the Democratic Party of Serbia, G17 Plus, Democratic Party, Serbian

Renewal Party and New Serbia. It was also backed by the necessary 18 votes from Montenegro by the Democratic Party of Socialists and the Socialist Democratic Party.

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